

IPA National Programme 2011 for Albania

Project Fiche 2

"Support to the Albanian Customs Administration "

1. Basic information

1.1 CRIS Number: IPA/2011/ 023-035/2

1.2 Title: Support to the Albanian Customs Administration

1.3 ELARG Statistical code: 02 -29 – Customs

1.4 Location: Tirana, Albania

Implementing arrangements:

1.5 Contracting Authority: The European Union represented by the European Commission on behalf of the Government of Albania.

1.6 Implementing Agency: Delegation of the European Union to Albania

1.7 Beneficiary: Directorate General of Customs of Albania

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Financing:

1.8 Overall cost (VAT excluded)¹: EUR 3 300 000

1.9 EU contribution: EUR 3 000 000

1.10 Final date for contracting: Two years following the date of the conclusion of the Financing Agreement.

1.11 Final date for execution of contracts: Two years following the end date of contracting.

1.12 Final date for disbursements: One year following the end date for the execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective

Compliance with the requirements of the EU acquis in the field of Customs.

2.2 Project purpose

Improve the performance of the Albanian Customs Administration according to European standards.

2.3 Link with AP/ NPAA / EP/ SAA

The EU-Albania Stabilisation and Association Agreement, which entered into force on 1 April 2009 calls to establish cooperation in the area of customs with a view to guaranteeing compliance with the provisions to be adopted in the area of trade and to achieving the approximation of the customs system of Albania to that of EU, thereby helping to pave the way for the liberalisation measures planned under this Agreement and for the gradual approximation of the Albanian customs legislation to the EU *acquis*.

Also, Albania is required to take all the necessary measures in order to guarantee no later than four years after the date of entry into force of this SA Agreement a level of protection of intellectual, industrial and commercial property rights similar to that existing in the EU, including effective means of enforcing such rights.

The European Partnership² asks to further align customs legislation and procedures with EU practices; in particular, ensure approximation of rules and procedures for transit, customs warehouses, customs valuation, physical controls and risk analysis to EU standards. Ensure that national tariff is timely updated on the basis of the most recent Combined Nomenclature.

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

² The European Partnership Document for Albania adopted by Council Decision of 18 February 2008 on the principles, priorities and conditions contained in the European Partnership with Albania and repealing Decision 2006/54/EC

Within the aim of modernization and strengthening of administrative capacity for the enforcement of legislation the Albanian Customs Administration plans to develop customs laboratory service that will contribute to realization of one of its three missions which is Defense Mission.

Also, in the EC Opinion to Albania's application to EU membership in 2010, (analytical report) is mentioned that: Customs legislation and procedures provide a level of protection for intellectual property rights which is broadly similar to the level in the EU, although more efforts will be needed to ensure effective enforcement, including by improving inter-institutional cooperation.

The risk management system is adequate in terms of system architecture, functions and governance structure, although improvements will be needed in detection of irregularities. A modern harmonised management of risks is one of the key elements of a modern Customs Administration.

Post-clearance controls will need to be systematically developed to compensate for the lower percentage of physical and documentary checks and to strike a balance between trade facilitation and efficient controls.

As conclusion the EC Opinion (analytical report) states that the Customs legislation in Albania is partly aligned with the EU *acquis*. Further efforts are needed in a number of areas, along with overall alignment with the EU's customs legislation. The administrative and operational capacity of the customs administration will need to be reinforced to improve implementation of the existing legislation and to address future challenges.

2.4 Link with MIPD 2011-2013

Support in the area of customs falls under the priority sector "Public Administration Reform" as identified by the Multi-Annual Indicative Planning Document (MIPD) 2011-2013. According to the MIPD Albania should continue to be assisted in the modernization of its customs administration. It also states that the fight against corruption is particularly important in this area.

2.5 Link with National Development Plan

The abovementioned EU strategic documents have been included as a substantial part of the Albanian Government's National Strategy of Development and Integration (NSDI) 2007-2013. In the Albanian NSDI are defined the strategic priorities and goals for 2013 such as reduction of corruption in a gradual and sustainable manner, strengthening the integrity of institutions and promoting the values of good governance. In 2011-2013 the NSDI aspire to consolidate practices and systems in the tax and customs administrations.

2.6 Link with national/ sectoral investment plans (where applicable)

Under the framework of the Government's Integrated Planning System, whose core aim is to match medium and annual budgeting to the policy framework, a Public Finance Strategy has been drafted by the Ministry of Finance, covering the period 2007-2013. In the framework of this strategy, Albanian Customs Administration should "improve and develop means for developing data exchange and increasing cooperation between the Albanian Customs and the business sector, other institutions of the Republic of Albania, other law enforcement institutions; and with the Customs authorities of other countries, EU institutions and international organisations in the fields of implementation of customs legislation, prevention of violations, control and investigation."

3. Description of project

The project aims to improve the capacity of the Customs Chemical Laboratory Directorate, the Intelligence Directorate in the field of Risk Analysis and Risk Management, the Post Clearance Control Directorate and the Intellectual Property Rights Directorate.

3.1 Background and justification

The General Customs Directorate is the institution responsible for the customs management in the Republic of Albania. It is subordinate to Law No. 8449, dated 27.01.1999 "The Customs Code of the Republic of Albania" and the sublegal acts pursuant to it.

The Customs Legislation consists mainly of the Customs Code and the Decision on Implementing Provisions of the Customs Code, the international legislation regarding the Conventions where the Republic of Albania accedes to, the sublegal acts pursuant to the Customs Code, as well as a series of other legal acts and sublegal acts.

Based on the Link no. 1 of the Decision No. 873 dated 12.08.2009 "On some amendments and supplements to Decision 205, dated 13.04.1999 of the Council of Ministers," "On Implementing Provisions of the Customs Code", as amended, the Customs staff consists of 1062 employees, distributed in central (398 employees) and local (664) levels. The General Directorate consists of three departments, the Administrative Department, the Technical Department, the Operational and Investigation Department that are divided in Directorates.

The Albanian Customs Administration has initiated a modernisation project with a view to enhance its operational capacities. Within this framework it introduced measures to review the customs legislation and to create a modernised customs structure. It also has commenced some operational restructurations to meet the needs of new workflow patterns, including computerisation.

- **Customs Chemical Laboratory (CCHL)**

Pursuant to the Decision of the Council of Ministers No. 205 dated 13. 04. 1999 "On Implementing Provisions of the Customs Code" art 5.5, the Customs Chemical Laboratory established in May 2000, conducts analysis of samples taken at customs branches and issues "Certificates of verification of the type of goods and tariff classification".

The Customs Chemical Laboratory is the only laboratory in the country that has the competence to examine the imported goods on behalf of the Customs Administration. The Laboratory staff is competent to provide tariff classification and is composed of 18 chemists that are managed by Director. Goods that are currently analysed in Customs Laboratory are listed in Annex 1 of Directive no. 11468 of Prot., dated 18.10.2007 "On procedures of sampling, transport, storage and management of the results of the laboratory analysis" and are listed as follows: food and other agriculture goods, fuel oils, other goods (such as textiles, construction materials, metals, etc).

The appliances and equipment of the Laboratory were donated in May 2000 by Italian Customs Agency and currently some of them are quite worn out also due to the lack of proper maintenance.

Currently, the Customs Laboratory is under accreditation procedure for a small group of analyses (such as those performed on textiles and a narrow group on characteristics of fuels such as density, distillation curves, etc). A quality management system based on internationally recognised quality standards, such as *ISO/IEC 17025/ 2006* "General requirements for the competence of testing and calibration laboratories" is being prepared. It is expected to finalize accreditation for these articles by the end of 2011.

Based on the assessment made by "gaps and needs analysis of the Customs Laboratory" under the IPA 2008 Twinning Project, "Support to the alignment of Customs Procedures with EU Standards," as well as by the Fact Finding Mission of the European Commission, Directorate General for Taxation that took place in June 2010 at the Albanian Custom Administration: the infrastructure of the laboratory is considered suitable for its mission, but poor on equipments, especially in relation with the increased importance of the articles of excise controls (such as tobacco, alcohol, etc) and in accordance with the international standards and EU best practices.

The current staff of the Customs Laboratory consists of high qualified chemists, all with university graduates (employees: 2 heads of sectors, 12 chemists (6 specialists and 6 assistants), 2 supporting staff and 1 secretary + magazine). For chemists working in a Customs Laboratory, all-round knowledge on analytical chemistry and the technology and processes used in chemical industry as well as knowledge and experience of analyses for purpose of tariff classification is of utmost importance.

Therefore, it is recommended that specific training plans and curricula should be elaborated depending on specific needs of the work and on the equipment that will be purchased under IPA 2011 assistance. Also, subsequent to new purchased equipment as well as alignment of practices and standards of the Customs Laboratory with the EU' ones, is necessary the full accreditation of customs laboratory (certification according to EN/ISO 17025 and accreditation of the system according to EN/ISO 9001), which will be treated by this project as well.

Following these recommendations, as well as those of the General Directorate of Accreditation, the Customs Laboratory is prioritising the work and planning a special fund for the maintenance of all its appliances, starting from the next year of delivering and operation of the new laboratory equipment.

- **Intelligence Directorate in the field of Risk Analysis and Risk Management, of the Post Clearance Control Directorate and of the Intellectual Property Rights Directorate.**

Risk Analysis and Risk Management

Intelligence Directorate consists of Risk Analysis Sector, Information Exchange Sector and Operative-Intelligence Sector and employs in total 34 customs officers.

The level of physical controls of the goods in the last year was reduced to 14%. The automatised system (ASYCUDA World) contains at this moment 163 risk profiles. All profiles are defined by a permanent Committee known as Risk Management Committee (Deputy DG of Law Enforcement Department, Deputy DG of Technical Department, Intelligence Director, Post Clearance Control Director, Head of Risk Analysis Unit, and Risk Indicator Administrator).

In most of customs houses the ASYCUDA World system selects the officer who would execute the verification of goods and documents. The officers that carry out documentary and physical verification are rotated on a daily basis.

The risk management system is adequate in terms of system architecture, functions and governance structure, although improvements are needed in identification of risk, in the level of security and in the level of avoiding duties.

The current computerised declaration and processing system (ASYCUDA World) allows risk analyses of all documents lodged and also includes some basic measures to introduce performance-based management. The system includes web-based declaration lodging and pre arrival information.

Following the assessment of Fact Finding Mission of the European Commission, Directorate General for Taxation in June 2010 at the Albanian Custom Administration, there is a need to further improve of the risk analyse system and to further reduce the figure of physical examination in order to reach EU standards. Also, a good understanding of the risk analysis principles and a functional system of updating the profiles is required and if necessary, adopting them to the local context (each customs house).

Furthermore, it is important to obtain experience of the harmonised risk management model, to ensure full adoption of intelligence-led risk analysis for all customs procedures and to include protection of society objectives and Intellectual Property Rights.

Post Clearance Control

The Post Clearance Directorate was created in 2006 and it is composed of two sectors: Sector of control of value/ tariff classification/ origin and Sector of customs regime control. This Directorate employs 11 persons at central level and 18 persons at local level (one person in each customs house). Post clearance controls are undertaken in the customs houses and in the companies through documentary and physical controls. Usually, Post Clearance Control Directorate does not perform joint controls with other institutions.

Controls can be performed by the Customs House Inspector and a report has to be sent each time at the beginning of the next month to the headquarters. A national control plan exists but, each of the Customs Houses has its own plan, approved by the chief of custom house. These plans are prepared on the basis of national one, including the specific characteristics of the Customs House.

The Post Clearance Control Directorate submits recommendations to other directorates to improve performance (for example to create new risk profiles).

Following the EU Opinion Analytical Report for Albania and the assessment of the Fact Finding Mission of the European Commission, Directorate General for Taxation of June 2010, Post Clearance Controls needs to be strengthened. Post-clearance control reflects a different approach to customs control as it has the effect of offering an immediate release of goods and reduced release time. Implementation of post clearance control and audit has to be part of the risk management strategy.

Post clearance process is well prepared, but it is focused more on punctual analysis of customs operations and not on a more general and thorough audit of the company from the customs point of view. Post-clearance controls need to be systematically developed to compensate for decreasing number of physical controls and documentary checks (at the moment - 100%) and to find a balance between trade facilitation and efficient controls.

Post Clearance Control should be strategically guided by a separate strategy, as a part of an overall Albanian Custom Administration's strategy that would include the risk analysis (i.e. selectivity approach), strengthening of the support of the Albanian Custom Administration in order to computerise Post Clearance Controls. Specific instructions in implementing the provisions in the customs code on post clearance have to be introduced. This project will draw special attention to these issues.

Intellectual Property Rights

A new Directorate for Intellectual Property Rights is established in May 2010 and consists of 4 persons. The Albanian's Legislation is in line with Trade Related Aspects of Intellectual Property Rights Convention (TRIPS), established by World Trade Organisation as well as the Regulation (EC) No 1383/2003. It is applied to imports, exports and transit procedures. Customs can act upon request (Application for action) of the right holder or ex officio. In 2009/2010 Customs received 13 applications for action from companies. The implementing provisions of customs (including Intellectual Property Rights), application for action form and an example of declaration of responsibility (liability declaration) are published on Albanian Custom Administration website. According to National Strategy on IPR 2010 – 2015, approved by Council of Ministers, Customs Administration is one of the most important actors in the protection of Intellectual Property Rights. Memoranda of Understanding are signed with two relevant governmental agencies - Patent and Trademark Office and Copyright Office.

Following the assessment by mission of the European Commission, Directorate General for Taxation at the Albanian Custom Administration, the legislation and working methods of the Albanian Custom Administration are close to EU practices. Intellectual Property Rights Directorate is established but needs to be enhanced to obtain known/identifiable results in increasing the number of applications for action, which for the moment are at minor level.

Specific risk-analysis modules for control of counterfeit and pirated goods are to be developed and implemented and cooperation between different national authorities and stakeholders to be improved. Other key elements of the fight against Intellectual Property Rights infringements are a strategic planning (action plan), statistics and a supporting IT tool.

Also, further development of regional cooperation as well as close cooperation with international enforcement bodies, is necessary, in order to exchange data/information and make more efficient implementation of Intellectual Property Rights in a wider context.

Better cooperation with stakeholders and signing more Memorandums of Understanding with major trade representatives, airline, shipping companies, express carriers, etc would enhance cooperation and improve controls.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

Adoption and application of the EU acquis in the Customs (Chapter 29) and Taxation (Chapter 16) field is an essential element of the general process of Albania's preparation for accession to the EU. The project will support this process with reference to challenges identified in the Commission Opinion on Albania's application for membership of the European Union (Analytical Report). The project complies with EU norms and standards.

The Twinning project will provide concrete assistance and knowledge transfer to the Customs managers and responsible staff in project management methodologies and quality management assurance. Sufficient human and financial resources will be allocated to the project to guarantee sustainability.

3.3 Results and measurable indicators

Activity 1: Development of the Customs Laboratory

Contract 1. 1: Supply of equipment for the National Customs Laboratory

Result: National Customs Laboratory equipped with appropriate equipment and operational.

Measurable indicators:

- Customs Laboratory equipped with all of the analytical equipment, required to perform their full range of duties by mid of 2013;
- Positive evaluation of laboratory staff trained by supplier by mid of 2013;
- Customs laboratory equipped with necessary scientific, analytical and technical publications by mid of 2013.

Activity 2: Technical Assistance to Albanian Customs Administration for Strengthening the Capacities of the Intelligence Directorate in the field of Risk Analysis and Risk Management , the Post Clearance Control Directorate, the Intellectual Property Rights Directorate and the Customs Chemical Laboratory Directorate.

Contract 2.1: Twinning Contract in the field of Risk Analysis and Risk Management, Post Clearance Control, Intellectual Property Rights and Customs Laboratory.

Result 2.1.1: Capacities for efficient enforcement of Risk Analysis and Risk Management enhanced.

Measurable Indicators:

- Analytical and intelligence techniques for risk treatment prepared by the end of 2013;
- Analytical and monitoring mechanisms in place and recommendations adopted on all organizational levels of Albanian Customs Administration by the end of 2013; National risk assessment reports are produced;
- Data exchange procedures prepared and internal and external contact points for cooperation appointed by the end of 2013; Agreements with trade on receipt of electronic business information are signed.
- Intelligence-led risk analysis for all customs procedures and for Intellectual Property Rights and protection of society issues are introduced in the risk analysis system
- New training modules within the Albanian Customs Administration established by the end of 2013 and at least 30 staff trained;
- Relevant Training of Trainers conducted by the end of 2013, to perform in-house training of staff.

Result 2.1.2: Capacities for efficient enforcement of Post Clearance Controls enhanced.

Measurable Indicators:

- Necessary legal acts and instructions drafted by the end of 2013;
- All necessary improvements of IT system proposed and implemented according to capacities available, by the end of 2013; An audit policy in place;
- Long and short term plans for Post Clearance Controls prepared and implemented by the end of 2013;
- Protocols for horizontal and vertical collaboration in place by the end of 2013;
- Long-term and medium-term training programmes prepared and 26 Post Clearance Control inspectors trained in specific Post Clearance Control areas.

Result 2.1.3: Capacities for efficient enforcement of the compliance to Intellectual Property Rights enhanced.

Measurable Indicators:

- An action plan is introduced;
- Introduced and implemented the improved legislation on enforcement of Intellectual Property Rights;
- Number of new and improved procedures and working methods (related to applications for action and/or ex officio, destruction of goods, etc) in relation to the EU acquis and EU best practices, supported by the appropriate control mechanisms, by 2013;
- Established and operational risk analysis and risk management system for identification of goods violating Intellectual Property Rights in accordance with the EU standards by end of 2013;

- Statistics on Intellectual Property Rights detentions similar to the EU template on data collection are introduced;
- At least 25 staff members trained on investigation and counterfeit and pirated goods and capable of applying new enforcement techniques;
- Elaboration and implementation of public awareness campaigns, at least 3 per year;
- Memoranda of Understanding (MoUs) with major trade representatives, airlines, shipping companies, express carriers are signed;
- Number of workshops/seminars organised to promote cooperation between customs and stakeholders.

Result 2.1.4: Customs Laboratory fully aligned to EU best practices and standards

Measurable indicators:

- Laboratory analysis reports are obligatory and are available to customs staff and traders;
- At least 20 instructions (on sampling procedures, sample handling, sample storage in Custom houses, sample labeling, sample analyzing procedures, running the quality system handbook, etc) in place and disseminated by the end of 2013;
- All members of laboratory staff trained on laboratory safety rules, security and hygiene procedures and at least 20 trainings delivered to laboratory personnel and customs staff according to the specific needs of the work with laboratory appliances by the end of 2013;
- At least 100 customs officers involved in taking samples trained on correct sampling, labeling, packing and transportation of samples, and in the relevant health and safety requirements by the end of 2013;
- At least 10 formal partnerships with other customs laboratories and/or with other qualified analytical institutions, inside and outside the country, developed within 2013;
- Full accreditation of laboratory (certification according to EN/ISO 17025 and accreditation of the system according to EN/ISO 9001), by the end of 2013.

3.4 Activities

Activity 1: Development of the Customs Laboratory

Contract 1.1: Supply of equipment for the National Customs Laboratory (IPA contribution)

The following activities are required:

Sub-Activity 1.1.1:

Delivery, installation, commissioning and testing of the following groups of laboratory equipment, together with necessary scientific analytical and technical literature:

- Hydrocarbons analysing unit (indicative list is attached as Annex VI)
- Foodstuff & Common Agricultural Goods (indicative list is attached as Annex VI)

- Other articles that are not considered hydrocarbons or foodstuff & common agricultural goods (indicative list is attached as Annex VI); Laboratory Information Management System (LIMS) (indicative list is attached as Annex VI).

Sub-Activity 1.1.2:

Training of the laboratory staff on the use of the supplied equipment.

Contract 1.2: Supply contract (National Contribution): Delivery, installation, commissioning and testing of: Articles needed for the samples storage room.

Technical specification of laboratory equipment will be prepared by a consultant previously contracted by EUD under IPA 2010 Project Preparation Facility.

Activity 2: Technical Assistance to Albanian Customs Administration in the field of Risk Analysis and Risk Management, Post Clearance Control, Intellectual Property Rights and Custom Laboratory.

This activity will be implemented through a twinning contract.

Contract 2.1: Twinning Contract: TA to Albanian Customs Administration in the field of Risk Analysis and Risk Management, Post Clearance Control, Intellectual Property Rights and Customs Laboratory

Sub-Activity 2.1.1:

Improving Albanian customs legislative and organisational framework of Post Clearance Control, Intellectual Property Rights, as well as Customs Laboratory in accordance with EU acquis and best practice.

Sub-Activity 2.1.2:

Strengthening the operational capacity of the Customs Administration customs in enforcement of Intellectual Property Rights, Post Clearance Control and Risk Analysis Risk Management.

Sub-Activity 2.1.3:

Enhancing knowledge, skills and experiences of Albanian Customs Administration employees: 1) in implementation of Risk Analysis Risk Management, Post Clearance Control, Intellectual Property Rights and 2) in practices of the Customs Laboratory.

Sub-Activity 2.1.4:

Raising of public awareness for better understanding of the legal aspects of Intellectual Property Rights and the benefits of protection of the industrial property rights and promoting cooperation with stakeholders.

Sub-Activity 2.1.5:

Establishing within Albanian Customs Administration a harmonized Model of Risk Management in accordance with international standards;

Sub-Activity 2.1.6:

Enhancing communication and coordination between the intelligence functions within Albanian Customs Administration and with relevant national/international agencies.

Sub-Activity 2.1.7:

Develop and disseminate written guidelines for custom laboratory on:

- laboratory safety, security and hygiene procedures,
- correct sampling, labelling, packing and dispatching of the samples, and in relevant health and safety requirements;

Sub-Activity 2.1.8:

Development of co-operation with Member States customs laboratories and/or with other analytical institution inside and outside the country.

All activities planned in the area of Intellectual Property Rights need to be coordinated with the activities of the project for “Capacity building for the General Directorate of Patent and Trademark – Developing the Industrial Property Rights System in Albania”, financed under IPA 2009.

The EU - Risk Analysis requirements, related to Integrated Border Management, as identified by PAMECA III “Police Assistance Mission of the European Community to Albania” should be consulted for the activities planned in the area of Risk Analysis and Risk Management.

The Albanian Customs Administration will facilitate coordination and communication within all its departments and other institutions and organisations regarding smooth implementation of project activities. It will also ensure that sufficient time and other resources are allocated for its staff to be involved in implementation of agreed activities.

Existing capacities of Albanian Customs Administration will be available for implementation of training activities (premises, accommodation and additional travel expenses).

Contract 2.2 - Service contract (national contribution)

Under Activity 2, a co-financing of 5 % will be provided by the Albanian Custom Administration according to the work plan that will be jointly prepared with the selected Member State. The co-financing will be in addition to the contribution in kind (office space, facilities, ect.). Contribution in kind is not included in the budget table (section 4).

3.5 Conditionality and sequencing

Conditionality: Albanian authorities to continue to demonstrate commitments to adopt and implement the EU *acquis* and standards in the field of Customs. Before the practical start of implementation of the project, tasks and responsibilities of all involved services to be defined and approved.

Twinning requires full commitment and involvement on behalf of senior level officials of the beneficiary institution. Therefore, the Albanian Custom Administration will provide adequate

staff and support to the twinning partner (incl. translation and interpretation) and adapt its organizational structure to the needs of the project.

Projects implemented through supply contracts: Customs laboratory will have enough space to accommodate purchased appliances, as they will mostly replace the appliances currently in use. Problems with electricity will be sorted out before the delivery of appliances purchased under contract 1.2.

Customs administration will assure in the budget sufficient amount to maintain the equipment after warranty period.

The strict conditionality associated with the programme includes the following:

1. The Customs Administration Business Strategy and Business Change Management Plan are in place prior start of contracting.
2. Adequate number of qualified staff in place prior to the start of contracting.
3. Adequate funds planned for maintenance of laboratory equipment.

Sequencing: The delivery and installation of equipment purchased under the Supply Contract (Contract 1.1) should ideally start parallel or slightly after the launch of Twinning Contract (Contract 2.1).

Contract 1.2 Supply contract under National Contribution will start before contract 1.1 Supply Contract (EU contribution)

During the work on the project, access to all necessary management levels will be ensured to the EU and Albanian experts.

3.6 Linked activities

The activities linked with this project are:

IPA 2009 Multi-beneficiary: “Regional Blueprints Exercise on Customs and Taxation” from which benefits Administrations of Western Balkans and Turkey, including Albania;

IPA 2009: “Capacity building for General Directorate of Patent and Trademark (GDPT) - Developing the Industrial Property Rights System in Albania”.

IPA 2008: “Support to the alignment of Customs Procedures with EU Standards” Twinning Contract;

IPA 2008: “Digital Video Surveillance System” and “Purchase of one maritime vessel for the customs operations” - Supply Contracts;

IPA 2007: CAFAO/TACTA “Transmission Assistance and Institution Building”;

IPA 2007: 'Support for the General Tax Directorate of Albania'

CARDS 2006: Pameca III – Comp 8 “Customs Assistance for the Albanian Customs Administration”.

3.7 Lessons learned

As far as the Project management capacity of the Albanian Customs Administration is concerned, it is very obvious that during the implementation time of the IPA 2008 project, Albanian Custom Administration has gained broad experience in managing the EU Projects.

This practical experience has recently resulted in the need of establishment of a Strategic Development Unit, in order to develop strategies and customs policies, to coordinate national and international activities, assistance projects etc, but the approval and the time is to be discussed even in higher levels.

Effective implementation/use of the recommendations/expertise and equipment provided by external assistance is mandatory. Sufficient training should be planned for the use of equipment and sufficient funds planned for the maintenance.

4. Indicative Budget (amounts in EUR)

				SOURCES OF FUNDING								
			TOTAL EXP.RE	IPA EU CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1			1 725 000	1 500 000								
Contract 1.1 [Supply of Equipment- for the Custom's Laboratory]	-	x		1 500 000	85							-
Contract 1.2 Supply contract [National Contribution]	-	x					15	225 000				
Activity 2			1 575 000	1 500 000								
Contract 2.1 [TA-Twinning contract to Albanian Custom Administratio n in the field of RARM, PCC, IPR and custom laboratory]	x	-		1 500 000	95							-
Contract 2.2 Service contract [National Contribution]	x	-					5	75 000				-

.....												
TOTAL IB		1 575 000										
TOTAL INV		1 725 000										
TOTAL PROJECT		3 300 000	3 000 000	90		10	300 000					

NOTE: DO NOT MIX IB AND INV IN THE SAME ACTIVITY ROW. USE SEPARATE ROW

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start Tendering	of Signature contract	of Project Completion
Contract 1.1 (Supply contract)	1Q/2012	4Q/2012	2Q/2013
Contract 2.1 (Twinning)	1Q/2012	4Q/2012	2Q/2014

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the Financing Agreement.

The Technical Specification for supply contract will be prepared under IPA 2010 Project Preparation Facility (PPF).

6. Cross cutting issues

6.1 Equal Opportunity

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability and age. All contractors shall be requested to provide monitoring data recording the participation of men and women in terms of expert inputs (in days) and of trainees benefiting under the project (in days) as an integral component of all project progress reports.

6.2 Environment

The key environmental effects of the project will be the enhanced technical and methodological competency of the Central Customs Laboratory thus ensuring environmental protection during everyday activities of the customs laboratory.

6.3 Minorities

The project does not directly involve activities with a minority's impact.

ANNEXES

- I Log frame in Standard Format
- II Amounts contracted and Disbursed per Quarter over the full duration of Programme
- III Description of Institutional Framework
- IV Reference to laws, regulations and strategic documents
- V Details per EU funded contract (*) where applicable.
- VI Indicative List of the laboratory equipment to be supplied under Contracts 1.1 and 1.2.

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number: IPA 2011 "Strengthening technical and operational capacities of Albanian Customs Administration"		
Cris Number:	Contracting period expires: Two years following the date of the conclusion of the Financing Agreement	Disbursement period expires: One year following the end date for the execution of contracts	
	Total budget : 3 300 000 EUR	IPA budget: 3 000 000 EUR	
Overall Objective	Objectively verifiable indicators	Sources of Verification	
Compliance with the requirements of the EU acquis in Customs	Positive evaluation of progress in the field of Customs. Internal technical reports.	Commission Opinion on Albania's application to EU Membership.	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Improved performance of the Albanian Customs Administration	- The number of laboratory analyses performed using ISO standards and according to the EU best practice increased by 60% by end of 2013; - Identification of multi-level risk and risk areas on all levels increased by 20% , by end of 2013; - At least 25 Effective Post Clearance Controls performed during 2013; - Increased number of Applications for Action for protection of Intellectual Property Rights at borders, by 50% during 2013;	Annual Report of Customs General Directorate to the Ministry of Finance and Ministry of Integration	Continuous review and alignment of implementation methods and understanding throughout organisation of requirements for the acquis

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
Result 1.1: National Customs Laboratory equipped with appropriate equipment and operational. Activity 2 Result 2.1.1: Capacities for efficient enforcement of Risk Analysis and Risk Management enhanced.	- Customs Laboratory equipped with all of the analytical equipment, required to perform their full range of duties by mid of 2013; - Positive evaluation of laboratory staff trained by supplier by mid of 2013; - Customs laboratory equipped with scientific, analytical and technical publications by mid of 2013. - Analytical and intelligence techniques for risk treatment prepared by the end of 2013; - Analytical and monitoring mechanisms in place and recommendations adopted on all organisational levels of Albanian Custom Administration by the end of 2013; National risk assessment reports are produced; - Data exchange procedures prepared and internal and external contact points for cooperation appointed by the end of 2013; Agreements with trade on receipt of electronic business information are signed; - New training modules within the Albanian Custom Administration established by the end of 2013 and at least 30 staff trained;	Documents on handing over the equipment/technical literature (provisional/final acceptance notes) according to the technical specifications - Training materials and evaluation forms - Regular project reports - Document of reviews and risk profiles - Regular Project implementation Reports - Interviews with the staff - Cooperation protocols - Decisions on appointment of contact point - Monthly and periodic reports to Albanian Custom Administration Director General	- Maintenance and protection of equipment arranged for. - Sufficient operation infrastructure available (electricity, water, fuel, internet, spare parts etc) - Annual review of working methods, procedures and capacity and follow-up. - Annual review of working methods, procedures and capacity and follow-up.

Result 2.1.2: Capacities for efficient enforcement of the Post Clearance Control enhanced.	- Relevant ToT conducted by the end of 2013, to perform in-house training of staff. - Necessary legal acts and instructions drafted by the end of 2013; - All necessary improvements of IT system proposed and implemented according to capacities available, by the end of 2013; - An Audit Policy is in place ; - Long and short term plans for Post Clearance Controls prepared and implemented by the end of 2013; - Protocols for horizontal and vertical collaboration in place by the end of 2013; - Long-term and medium-term training programmes prepared and 26 Post Clearance Control inspectors trained in specific Post Clearance Control areas.	- Training materials and training evaluation sheets - Copies of drafted documents; - Periodic Project Implementation reports to Director General of Albanian Custom Administration; - Training reports and evaluations; - Interviews with participants of internship and study tours;	- Adequate trainers available within Albanian Custom Administration - Annual review of working methods, procedures and capacity and follow-up
Result 2.1.3: Capacities for efficient enforcement of the compliance to Intellectual Property Rights enhanced.	- An Action Plan is introduced; - Introduced and implemented the improved legislation on enforcement of Intellectual Property Rights; - Number of new and improved procedures (related to applications for action and/or ex officio, destruction of goods, etc.) and working methods (in relation to the EU acquis and best practices), supported by the appropriate control mechanisms, by 2013; - Established and operational risk analysis and risk management system for identification of goods violating Intellectual Property Rights in accordance with the EU standards , by end of 2013; - Statistics on Intellectual Property Rights detentions similar to the EU template on data collection are introduced; - At last 25 staff trained on investigation and counterfeits and pirated goods and capable of applying new enforcement techniques; - Elaboration and implementation of public awareness campaigns,	- EC reports - Statistics and other data - Evaluations forms of study visits and trainings - Periodic Project Implementation reports to Director General of Albanian Custom Administration - Cooperation and data exchange Procedures in place	- Annual review of working methods, procedures and capacity and follow-up

Results 2.1.4 : Customs Chemical Laboratory fully aligned to EU best practices and standards.	at least 3 per year; - MoU with major trade representatives, airline, shipping companies, express carriers are signed; - Number of workshops and seminars organised to promote cooperation between customs and stakeholders. - Laboratory analysis reports are obligatory and are available to customs staff and traders; - At least 20 instructions (on Sampling procedures, sample handling, sample storage in Custom houses, sample labeling, sample analyzing procedures, running the quality system handbook, etc) in place and disseminated by mid of 2013; - All members of laboratory staff trained on laboratory safety rules, security and hygiene procedures and at least 20 trainings delivered to laboratory personnel and customs staff according to the specific needs of the work with laboratory appliances by mid of 2013; - At least 100 customs officers involved in taking samples trained on correct sampling, labeling, packing and transportation of samples, and in the relevant health and safety requirements by mid of 2013; - At least 10 formal partnerships with other customs laboratories and/or with other qualified analytical institutions, inside and outside the country, developed within 2013; - Full accreditation of laboratory (certification according to EN/ISO 17025 and accreditation of the system according to EN/ISO 9001), by the end of 2013.	-Project Progress/Monitoring Reports - Regular project reports - Regular reports of the Commission' services - Custom's Laboratory Annual Reports; - Certificate of accreditation	- Sufficient staff on payroll for executing analysis. - Annual review of working methods, procedures and capacity and follow-up.
Activities	Means	Costs	Assumptions

Activity 1: Development of the Customs Laboratory Sub-Activity 1.1.1 Delivery, installation, commissioning and testing of a group of laboratory equipment , together with necessary scientific analytical and technical literature. Sub-Activity 1.1.2 Training of the Laboratory staff on the use of the supplied equipment. Activity 2: Technical Assistance to Albanian Custom Administration in the field of Risk Analysis and Risk Management Post Clearance Control, Intellectual Property Rights and Customs Chemical Laboratory. Sub-Activity 2.1.1 Improving Albanian customs legislative and organizational framework, of Post Clearance Controls, Intellectual Property Rights, as well as Custom's Laboratory in accordance with EU acquis and best practice. Sub-Activity 2.1.2 Strengthening the operational capacity of the Customs Administration to customs enforcement of Post Clearance Controls, Intellectual Property Rights and Risk Analysis/Management .	Contract 1.1 - Supply of Equipment-for the Custom's Laboratory – IPA contribution (EUR 1 500 000-IPA contribution) Contract 1.2 -Supply contract - EUR 225 000 National Contribution Contract 2.1 - TA - Twinning contract to Albanian Custom Administration in the field of Risk Analysis Risk Management, Post Clearance Control , Intellectual Property Rights and Custom's Laboratory (IPA contribution – 1 500 000 EUR) Contract 2.2 - Service contract - National Contribution - EUR 75 000	IPA contribution – EUR 1 500 000 National Contribution - EUR 225 000 IPA contribution – EUR 1 500 000 National Contribution- EUR 75 000	
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Sub-Activity 2.1.3 Enhancing knowledge, skills and experiences of Albanian Custom Administration's employees: *) in implementation of Post Clearance Controls, Intellectual Property Rights, Risk Analysis and Management and *) in practices of the Custom's Laboratory Sub-Activity 2.1.4 Raising of public awareness for better understanding of the legal aspects of Intellectual Property Rights and the benefits of protection of the industrial property rights and promoting cooperation with stakeholders; Sub-Activity 2.1.5 Establishing within Albanian Custom Administration a harmonized Model of Risk Management in accordance with international standards; Sub-Activity 2.1.6 Enhancing communication and coordination between the intelligence functions within Albanian Custom Administration and with relevant national/international agencies. Sub-Activity 2.1.7 Develop and disseminate written guidelines for custom laboratory on: - laboratory safety, security and hygiene procedures, - correct sampling, labelling, packing and dispatching of the samples, and in relevant health and safety requirements;			
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Sub-Activity 2.1.8 Development of co-operation with Member States Customs laboratories and/or with other analytical institution inside and outside the country.			
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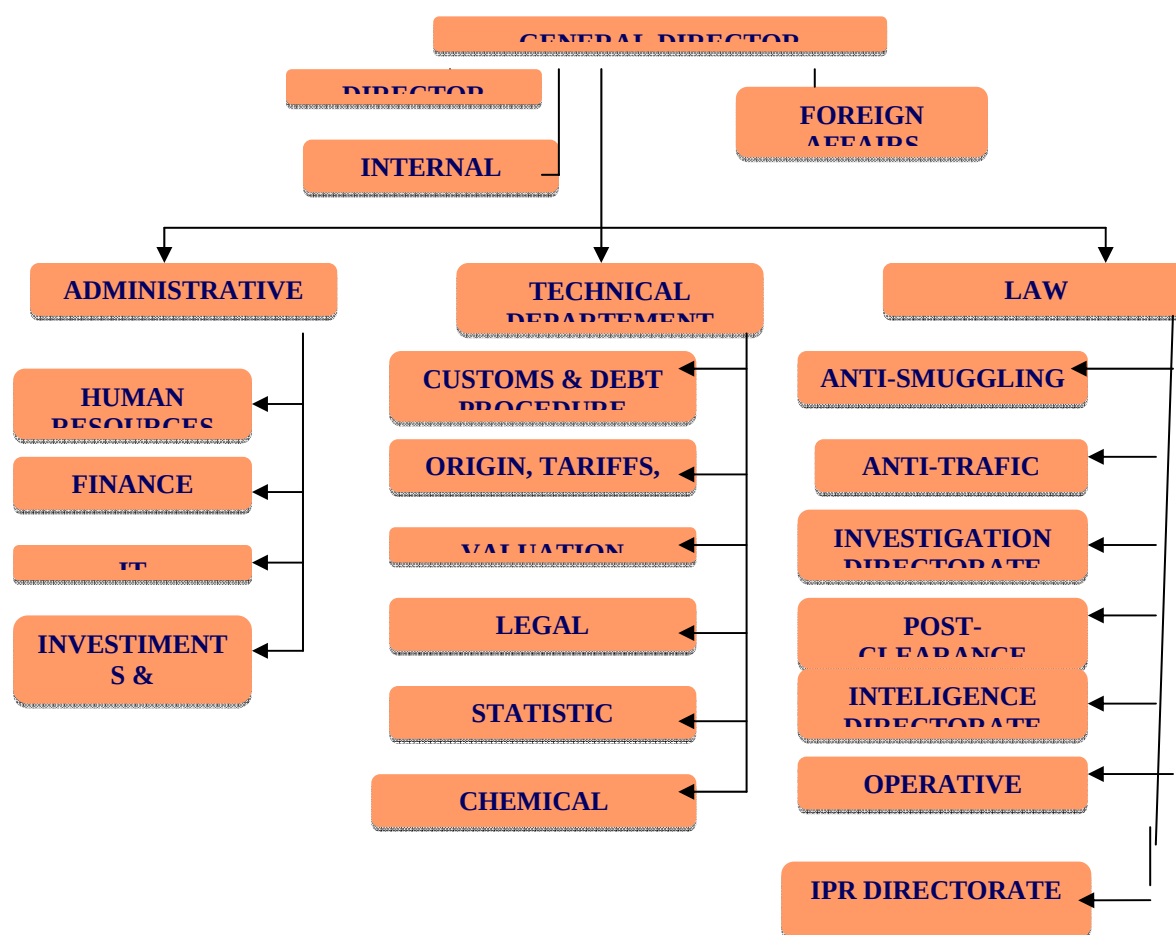
ANNEX II: Amounts (in EUR) Contracted and disbursed by quarter for the project

[List only EU funded contracts in line with point 5 above]

Contracted	3 Q	4Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q
	2012	2012	2013	2013	2013	2013	2014	2014	2014
Contract 1.1 Supply contract		900 000		600 000					
Contract 2.1 Twinning contract		1 200 000						300 000	
Disbursed		2 100 000		2 700 000				3000000	
Contract 1.1 (Supply contract)		900 000			600 000				
Contract 2.1 (Twinning)		1200000							300000
Cumulated		2 100 000			2700000				3000 000

ANNEX III. Description of Institutional Framework

Organisational Chart of Directorate General of Customs, Ministry of Finance



Directorates within Directorate General of Customs which are involved and benefiting from the Project are Chemical Customs Laboratory Directorate for the Activities 1 & 2 (Contract 1.1 and 2.1) and Intellectual Property Rights Directorate, Post - Clearance Control Directorate, Intelligence Directorate (Risk Analysis Sector) for the Activity 2 (Contract 2.1).

Coordination with Units/Directorates involved will be done by the International Projects Management Specialist, who for the moment is positioned at the Foreign Affairs Directorate.

This Project Management specialist, will act as constituent of a separate Strategic Development Unit (composed by 3 persons) which is expected to be set up within the Directorate General of Customs and located next to the Director General.

The officers of the Directorates of Directorate General of Customs, responsible for implementing their project activities, will conduct the necessary work for carrying out the project through its different processes, including preparation of Terms of References, technical specifications,...etc.

ANNEX IV. Reference to laws, regulations and strategic documents

1. Law No. 8449, dated 27.01.1999 "The Customs Code of the Republic of Albania" and the sublegal acts pursuant to it.
2. Decision No. 873 dated 12.08.2009 "On some amendments and supplements to Decision 205, dated 13.04.1999 of the Council of Ministers," "On Implementing Provisions of the Customs Code ",
3. Decision of the Council of Ministers No. 205 dated 13. 04. 1999 "On Implementing Provisions of the Customs Code"
4. Directive no. 11468 of Prot. dated 18.10.2007 "On procedures of sampling, transport, storage and management of the results of the laboratory analysis"
5. "Laboratory internal regulation"
6. Combined Nomenclature , edition of 2010
7. Explanations notes of Combined Nomenclature , edition of 2007
8. Regulation of Directorate of Intelligence No 6448, dt. 14.08.2003.
9. Instruction No. 1; Dt. 14.10.10 on "Controls based on Risk Analyse"
10. Regulation of Directorate of RARM No.620 dt 20.12.2003
11. National IPR Strategy 2010 – 2015
12. National IBM Strategy No.668, dt 29.09.2007 "Integrated border Management Strategy and Action plan".

Reference to AP /NPAA / EP / SAA

Present project will contribute to strengthening the administrative and operational capacity of customs services as identified in SAA and NPAA as one of priorities in order to accelerate alignment with the EU requirements.

Reference to MIPD 2011-2013

Support in the area of customs falls under the priority sector "Public Administration Reform" as identified by the Multi-Annual Indicative Planning Document (MIPD) 2011-2013.

According to the MIPD Albania should continue to be assisted in the modernization of its customs administration. It also states that the fight against corruption is particularly important in this area.

ANNEX V. Details per EU funded contract (*) where applicable:

For *TA contracts*: account of tasks expected from the contractor

For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

Indicative profiles and account of tasks expected from the team leader, resident twinning advisor and short term experts

Profile and tasks of the Project Leader (PL):

This project requires a Project Leader who will be responsible for the overall coordination of the project activities. The project leader is expected to closely work with the resident twinning advisor and the short-term experts as well as with the counterpart of the beneficiary institution.

a) Tasks of the PL:

- Overall project co-ordination,
- Supervision of the implementation of the project in coordination with the Albanian TL counterpart,
- Mobilising short-term experts,
- Closely work with the resident twinning advisor and the short term experts,
- Executing administrative issues (i.e. signing reports etc.),
- Advising on the future plans and reporting to the relevant authorities on the progress of the project.

Profile and tasks of the Resident Twinning Advisor (RTA):

This project requires a RTA for the management of the project The RTA will work on a day-to-day basis with ACA *and* support the co-ordination of different actions.

a) Tasks of the RTA:

- design a work plan for the implementation of project,

- assist in the preparation of all strategic project documents and training manuals, quarterly monitoring reports and final project report etc,
- ensure the day-to-day management of the project working on the daily basis with the ACA staff to implement the project,
- to ensure that all activities are implemented in a professional way,
- to plan and organise study visits, training activities,
- to provide detailed reports on the impact of the programme,

Profile and tasks of the short-term experts:

The PL and the RTA will be assisted by international short-term experts. The short-term expert shall assist the PL and the RTA in delivering the activities within the project.

ANNEX VI - Indicative List of the laboratory equipment to be supplied under Contracts 1.1 and 1.2.

1. Hydrocarbons analysing unit :

2 Automatic distillation units according ASTM 86
 Oil bath for viscosity measuring
 Automatic Pensky Martens closed cup flash- point tester
 Automatic TAG closed cup flash- point tester
 Pour point/cloud point analyser according ASTM 97(automatic)
 Crystallising point analyser
 ASTM D 938(automatic)
 Spectrofotometer for sulphur analysing in the fuel oils(>0.05mass %)
 Digital penetrometer(by needle and cone)
 Adiabatic bomb calorimeter for coal analyses
 (Automatic) Vacuum petroleum oil distillatory
 Furnace (high temperature up to 1050°C for sulfated ash)
 Potentiometric titrator for TBN and TAN(automatic)
 Columetre Karl-Fisher
 Viscosimeter washer
 Lamps for atomic absorber, Zn,Ba,Ca,Mg
 Fume wall-mounted hood

2. Foodstuff & Common Agricultural Goods:

High Pressure Liquid Chromatograph
 High Pressure Liquid Chromatograph
 Gas-Chromatograph with Flame Ionisation Detector (FID)
 Gas-Chromatograph with Mass Detector (MSD) and Flame Ionisation Detector (FID)
 Gas-Chromatograph (MS)
 Kjeldahl Nitrogen Analysator
 Alcolyser
 Distillation unit
 Polarimeter
 Refractometer
 Photometer (UV-VIS)

Digestion units (Fat)
 Extraction unit (Fat)
 Soxhlet extraction system
 Butiro metre water bath
 Electrophoreses
 Automatic Burette
 Automatic epuvete mixer
 Centrifuge
 Vibrator for column packing
 Sand bath
 Oxygen burner
 Hydrometer (1 set)
 Butirometre water bath
 Centrifuge
 Seal QuAAtroAutoAnalyser
 Density meter (4 digit)
 Density meter (5 digit)
 Balance (4digit)
 Balance (150 kg)
 Grinder
 Mills, mixer
 Furnace (high Temperature 500-900°)
 Furnace (low Temp. 103-105°C)
 Filters for the automatic water distillation

3. *Other articles that are not considered hydrocarbons or foodstuff & common agricultural goods:*

Smart performer (flat diamond crystal)
 Swivel pressure tower
 Agate Mortar Pestile
 Differentiated Scansion Calorimeter
 Clinical Microscope with camera and digital storage device
 Stereo-Microscope with camera and digital storage device
 Infrared Spectrometer (FT IR)
 Vacuum drying oven
 X-Ray diffract meter
 Melting Point Apparatus
 Surface – tension balance
 Glassware